MATATIELE

LOCAL MUNICIPALITY

Matatiele Local Municipality
Annual Financial Statements
for the year ended 30 June 2015

General Information

Members of the Council

M.M. Mbedla	**Mayor**
J. Bosman-Magangana	**Speaker**
P.A. Mohale	Chief Whip
P.M. Stuurman	Portfolio Head: Budget and Finance
N. Mshuqwana	Portfolio Head: Corporate Services
M.M. Mbobo	Portfolio Head: Community Services
N. Ngwanya	Portfolio Head: Special Programmes Unit
N.A. Nkukhu	Portfolio Head: EDP
S. Mngenela	Portfolio Head: Infrastructure Services
K.C. Biggs	EXCO Member
T.S. Maqhashalala	EXCO Member
T.V. Mongoato	Chairperson: MPAC
P.T. Hloele	Member
M. Lebese	Member
N.B. Nkomo	Member
C.N. Sithole	Member
K.B. Pakkies	Member
C.N. Sambane	Member
S.A. Ndlela	Member
S.T. Stuurman	Member
P.C. Ntsolo	Member
S. Baba	Member
I.N. Maketela	Member
S.M. Mzozoyana	Member
L.D. Shemane	Member
P.Z. Bono	Member
N.N. Ndukwana	Member
T. Dyantyi	Member
C.L. Nxesi	Member
T.A. Mhlongo	Member
M.C. Setenane	Member
E.K. Sephuhle	Member
N.S.N. Paula	Member
S. Mavuka	Member
R.T. Mnika	Member
G.M. Letuka	Member
N.C. Ludidi-Mzonke	Member
S.B. Macuphe	Member
M. Tsoloane	Member
P.G. Muir	Member
A.M. Saliwavikwa	Member
N. Njobe	Member
S.A. Sello	Member
W. Potwana	Member
V.M. Mlandu	Member
J.Z. Munyu	Member
V.C. Sigalelana	Member
L.E. Stuurman	Member
K.B. Makholwa	Member
N.E. Kotelana	Member

General Information

	P.T. Motjope	Member
	S. Mgolombane	Member
Municipal Manager	Dr D.C.T Nakin	
Chief Financial Officer	Mr L. Ndzelu	
Grading of local authority	3	
Registered office	102 Main Street Matatiele 4730	
Physical address	102 Main Street Matatiele 4730	
Postal address	P.O. Box 35 Matatiele 4730	
Bankers	Nedbank	
Auditors	Auditor General	
Tel Number	039 737 3135	
Fax Number	039 737 3611	
Email	manager@matatiele.gov.za	

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Accounting Officer's Responsibilities and Approval

I am responsible for the preparation of these Annual financial statements, which are set out on pages 5 to 52 in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.
I certify that the salaries, allowances and benefits of Councillors as disclosed in note 26 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Dr. D.C.T Nakin
Municipal Manager

31 August 2015

Statement of Financial Position as at 30 June 2015

Figures in Rand	Note(s)	2015	2014
ASSETS			
Current Assets			
Inventories	2	675,752	547,091
Other receivables from non-exchange transactions	3	1,225,141	122,925
VAT receivable from exchange transactions	4	14,761,289	7,749,558
Prepayments	5	550,283	3,299,014
Trade receivables	6	18,205,724	11,036,011
Cash and cash equivalents	7	30,486,661	57,566,399
		65,904,850	**80,320,998**
Non-Current Assets			
Investment property	8	18,575,800	21,890,900
Property, plant and equipment	9	603,859,267	520,247,315
Intangible assets	10	672,497	950,897
		623,107,564	**543,089,112**
Non-current assets held for sale and assets of disposal groups		3,315,100	-
Total Assets		**692,327,514**	**623,410,110**
LIABILITIES			
Current Liabilities			
Payables from exchange transactions	11	23,641,495	17,444,987
Consumer deposits	12	295,684	238,242
Unspent conditional grants and receipts	13	8,049,095	8,697,173
Provisions	14	1,563,112	1,455,010
		33,549,386	**27,835,412**
Non-Current Liabilities			
Employee benefit obligation	15	8,698,503	7,459,676
Provisions	14	12,364,400	11,684,561
		21,062,903	**19,144,237**
Total Liabilities		**54,612,289**	**46,979,649**
Net Assets		**637,715,225**	**576,430,461**
NET ASSETS			
Revaluation reserve	16	92,755,710	95,757,946
Accumulated surplus		544,959,515	480,672,515
Total Net Assets		**637,715,225**	**576,430,461**

Statement of Financial Performance

Figures in Rand	Note(s)	2015	2014
Revenue			
Service charges	18	44,702,491	42,361,972
Rental of facilities and equipment	19	693,989	565,912
Licences and permits		2,291,326	2,188,705
Other income	20	1,297,011	3,991,758
Interest earned- external investments	21	7,671,381	7,878,167
Property rates	22	19,111,649	22,600,235
Government grants & subsidies	23	220,840,604	198,426,959
Public contributions and donations	24	720,500	183,922
Fine receipts		1,821,294	3,672,275
Total revenue	17	**299,150,245**	**281,869,905**
Expenditure			
Employee related costs	25	(76,798,728)	(69,114,691)
Remuneration of councillors	26	(15,936,744)	(14,806,549)
Landfill site provision contribution		(402,064)	(272,158)
Depreciation and amortisation	27	(20,919,273)	(19,062,015)
Finance costs	28	(15,300)	(1,830)
Debt impairment	29	(2,249,057)	(20,249,896)
Repairs and maintenance		(12,591,895)	(10,751,099)
Bulk purchases	30	(28,923,865)	(26,146,887)
Contracted services	31	(13,417,250)	(13,388,834)
Conditional grants - Operating expenditure	32	(23,564,027)	(32,778,392)
General expenses	33	(43,014,186)	(35,642,957)
Total expenditure		**(237,832,389)**	**(242,215,308)**
Operating surplus		**61,317,856**	**39,654,597**
Gain / (loss) on sale of assets		(79,447)	537,386
Fair value adjustment		-	12,046,345
Impairment Loss		-	(7,273,280)
		(79,447)	**5,310,451**
Surplus for the year		**61,238,409**	**44,965,048**

Matatiele Local Municipality
Annual Financial Statements for the year ended 30 June 2015

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Balance at 01 July 2013	**62,601,010**	**432,701,463**	**495,302,473**
Changes in net assets			
Write off in stale cheques	-	82,472	82,472
Transfer from Revaluation to Accumulated Surplus	(2,923,532)	2,923,532	-
Revaluation of Property, Plant and Equipment	36,080,468	-	36,080,468
Net income (losses) recognised directly in net assets	33,156,936	3,006,004	36,162,940
Deficit for the year	-	44,965,048	44,965,048
Total recognised income and expenses for the year	33,156,936	47,971,052	81,127,988
Total changes	33,156,936	47,971,052	81,127,988
Balance at 01 July 2014	**95,757,946**	**480,672,515**	**576,430,461**
Changes in net assets			
Writing off of stale cheques	-	21,660	21,660
Interest on Housing Fund	-	24,695	24,695
Transfer from Revaluation to Accumulated Surplus	(3,002,236)	3,002,236	-
Net income recognised directly in net assets	(3,002,236)	3,048,591	46,355
Surplus for the year	-	61,238,409	61,238,409
Total recognised income and expenses for the year	(3,002,236)	64,287,000	61,284,764
Total changes	(3,002,236)	64,287,000	61,284,764
Balance at 30 June 2015	**92,755,710**	**544,959,515**	**637,715,225**
Note(s)	16		

Cash Flow Statement

Figures in Rand	Note(s)	2015	2014
Cash flows from operating activities			
Receipts			
Fine receipts		1,821,294	3,672,275
Sale of goods and services		52,793,411	51,067,877
Grants		220,192,527	190,896,955
Interest received		7,671,381	7,878,167
Other receipts		2,839,409	6,231,945
		285,318,022	259,747,219
Payments			
Employee costs		(92,735,472)	(83,927,945)
Suppliers		(91,750,689)	(80,566,083)
Finance costs		(15,300)	(1,830)
Other payments		(23,564,028)	(32,779,943)
		(208,065,489)	(197,275,801)
Net cash flows from operating activities	35	**77,252,533**	**62,471,418**
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(104,337,264)	(89,814,949)
Proceeds from sale of property, plant and equipment	9	4,993	1,252,130
Proceeds from sale of investment property	8	-	55,200
Purchase of other intangible assets	10	-	(621,391)
Purchase of financial assets		-	6,988,604
Net cash flows from investing activities		**(104,332,271)**	**(82,140,406)**
Net increase in cash and cash equivalents		**(27,079,740)**	**(19,668,988)**
Cash and cash equivalents at the beginning of the year		57,566,401	77,235,389
Cash and cash equivalents at the end of the year	7	**30,486,661**	**57,566,401**

Matatiele Local Municipality

Annual Financial Statements for the year ended 30 June 2015

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	48,690,405	-	**48,690,405**	44,702,491	**(3,987,914)**	
Rental of facilities and equipment	560,945	-	**560,945**	693,989	**133,044**	
Licences and permits	1,872,000	-	**1,872,000**	2,291,326	**419,326**	
Other income	54,987,690	1,313,459	**56,301,149**	1,297,011	**(55,004,138)**	
Interest received - investment	6,143,340	2,000,000	**8,143,340**	7,671,381	**(471,959)**	
Total revenue from exchange transactions	**112,254,380**	**3,313,459**	**115,567,839**	**56,656,198**	**(58,911,641)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	30,729,031	2,000,000	**32,729,031**	19,111,649	**(13,617,382)**	
Government grants & subsidies	231,194,297	(2,339,362)	**228,854,935**	220,840,604	**(8,014,331)**	
Transfer revenue						
Public contributions and donations	-	-	-	720,500	**720,500**	
Fines	1,283,050	918,000	**2,201,050**	1,821,294	**(379,756)**	
Total revenue from non-exchange transactions	**263,206,378**	**578,638**	**263,785,016**	**242,494,047**	**(21,290,969)**	
Total revenue	**375,460,758**	**3,892,097**	**379,352,855**	**299,150,245**	**(80,202,610)**	
Expenditure						
Employee Related Costs	(90,728,880)	5,654,680	**(85,074,200)**	(76,798,728)	**8,275,472**	
Remuneration of councillors	(17,506,194)	1,438,882	**(16,067,312)**	(15,936,744)	**130,568**	
Landfill site provision contribution	-	(403,000)	**(403,000)**	(402,064)	**936**	
Depreciation and amortisation	(14,065,850)	(7,025,406)	**(21,091,256)**	(20,919,273)	**171,983**	
Impairment loss/ Reversal of impairments	-	(100,000)	**(100,000)**	-	**100,000**	
Finance costs	-	-	-	(15,300)	**(15,300)**	
Debt impairment	(3,948,715)	(1,095,000)	**(5,043,715)**	(2,249,057)	**2,794,658**	
Repairs and maintenance	(11,315,000)	(3,107,005)	**(14,422,005)**	(12,591,895)	**1,830,110**	
Bulk purchases	(28,000,000)	(933,000)	**(28,933,000)**	(28,923,865)	**9,135**	
Contracted Services	(15,986,544)	1,671,050	**(14,315,494)**	(13,417,250)	**898,244**	
Conditional grants - Operating expenditure	(27,144,247)	(5,549,803)	**(32,694,050)**	(23,564,027)	**9,130,023**	
General Expenses	(49,184,096)	3,079,178	**(46,104,918)**	(43,014,186)	**3,090,732**	
Total expenditure	**(257,879,526)**	**(6,369,424)**	**(264,248,950)**	**(237,832,389)**	**26,416,561**	
Operating surplus	**117,581,232**	**(2,477,327)**	**115,103,905**	**61,317,856**	**(53,786,049)**	
Loss on disposal of assets and liabilities	-	(61,500)	**(61,500)**	(79,447)	**(17,947)**	
Profit before taxation	**117,581,232**	**(2,538,827)**	**115,042,405**	**61,238,409**	**(53,803,996)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**117,581,232**	**(2,538,827)**	**115,042,405**	**61,238,409**	**(53,803,996)**	

Accounting Policies

1.1 Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations,guidelines and directives issued by the Accounting Standards Board.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

A summary of the significant accounting policies, which have been consistently applied,are disclosed below.

Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

Going Concern Assumption

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

Comparative Information

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

Standards,amendments to standards and interpretations issued but not yet effective

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 20 Related Party Disclosures
GRAP 32 Service Concession Arrangements: Grantor
GRAP 105 Transfer of Function Between Entities Under Common Control
GRAP 106 Transfer of Function Between Entities Not Under Common Control
GRAP 107 Mergers
GRAP 108 Statutory Receivables
IGRAP 17 Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset

Adoption of these standards will have no material impact on future financial periods.

The following GRAP standard has been approved but is not required to be applied:

GRAP 18 Segment Reporting

Critical judgments, estimations and assumptions

In preparing the annual financial statements,management is required to make estimates and assumptions that impact on the municipality financial statements once implemented. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

1.2 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, as well as land with no determinable future use.

Investment property is initially measured at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Investment property (continued)

Subsequent measurement

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

1.3 Property, plant and equipment

Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The residual value of property,plant and equipment has been determined using historical data and market conditions. A base level of 20 percent is applied except where specific assets are deemed to vary significantly from this estimate.

SUBSEQUENT MEASUREMENT

Property, plant and equipment are carried at the revalued amount,being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses, except for other property, plant and equipment which is held on the cost model. Land is not depreciated as it is deemed to have an indefinite useful life.

Revaluations are made every 5 years such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Accounting Policies

Property, plant and equipment (continued)

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

DEPRECIATION

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Land is not depreciated as it is regarded as having an indefinite life. Depreciation on assets other than land is calculated on cost or revalued amount, using the straight line method, to allocate their cost to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the assets future economic benefits or service potential are expected to be consumed by the municipality.Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciation rates are initially based on the following originally estimated useful lives and thereafter on the estimated remaining useful lives as at year end:

Infrastructure:	**Years**	**Community:**	**Years**	**Other:**	**Years**
Roads and Paving	10-100	Improvements	25-30	Buildings	25-30
Electricity	15-60	Recreational facilities	15-30	Specialist vehicles	10-15
Water	15-100	Security	15-25	Other vehicles	05-10
Sewerage	16-60	**Components**:		Office equipment	03-15
Landfill Sites	10-65	Doors & Iron	8-15	Furniture and fittings	05-15
Housing	30	Doors & Iron(extensive)	15-30	Watercraft	15-20
Pedestrian Malls	15-30	Fittings	5-15	Bins and containers	15-15
		Fittings and fixtures	15-30	Specialised equipment	10-15
		Windows & glazing	8-15	Other plant and equip	02-15
		Windows & glazing (extensive)	15-30		
		External wall	20-30		
		External roof structure/covering	15-35		
		Floor structure	20-40		
		Floor finish	5-15		
		Wall painting	5-10		
		Wall structure (internal)	20-50		
		Drainage	10-30		
		Electrical	10-30		
		Plumbing	10-30		

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

1.4. Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably

Intangible assets are intially recognised at cost.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Computer software, other	3-5 years

SUBSEQUENT MEASUREMENT

Intangible assets are subsequently measured at cost less accumulated amortisation.

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

Accounting Policies

1.5 Financial instruments

Initial recognition and measurement

The entity recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, the entity becomes a party to the contractual provisions of the instrument. This is achieved through the application of trade date accounting.

Upon initial recognition the entity classifies financial instruments or their component parts as financial liabilities, financial assets or residual interests in conformity with the substance of the contractual arrangement and to the extent that the instrument satisfies the definitions of a financial liability, a financial asset or a residual interest.

Subsequent measurement

Financial instruments are classified as financial instruments at fair value through profit or loss where the financial instrument is either held for trading (including derivative instruments) or is designated as at fair value through profit or loss and are carried at fair value with any gains or losses being recognised in profit or loss. Fair value, for this purpose, is market value if listed or a value arrived at by using appropriate valuation models if unlisted.

Trade Receivables

Trade and other receivables are classified as loans and receivables and are measured at amortised cost less provision for doubtful debts, which is determined as set out under impairment of assets set out in policy note 1.7. Items with extended terms are initially recorded at the present value of future cash flows and interest received is accounted for over the term until payment is received. Write-downs of these assets are expensed in profit or loss.

Cash and cash equivalents

Cash and cash equivalents are measured at fair value.

Investments

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

Financial Liabilites

Non-derivative financial liabilities that are not designated on initial recognition as financial liabilities at fair value through profit or loss are measured at amortised cost using the effective interest rate method. Items with extended terms are initially recorded at the present value of future cash flows.

Trade Payables

Trade payables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost

1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term

Accounting Policies

1.6 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.7 Impairment of assets

The entity assesses at each reporting date whether there is an indication that an asset may be impaired. Where the carrying amount of an asset exceeds its recoverable amount (or recoverable service amount in the case of non-cash generating assets), the asset is considered impaired & is written down to its recoverable amount or recovearble service amount.

If the recoverable amount of an asset is estimated to be less than its carrying amount, its carrying amount is reduced to the higher of its recoverable amount and zero. Subsequent to the recognition of an impairment loss, the depreciation or amortisation charge for the asset is adjusted to allocate its remaining carrying value, less any residual value, over its remaining useful life.

Impairment losses on receivables are determined based on specific and objective evidence that assets are impaired and is measured as the difference between the carrying amount of assets and the present value of the estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment losses are recognised in profit or loss. If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount but limited to the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised in profit or loss.

1.8 Derecognition of assets and liabilities

Financial assets are derecognised when the contractual rights to receive cash flows have been transferred or have expired or when substantially all the risks and rewards of ownership have passed.

All other assets are derecognised on disposal or when no future economic benefits are expected from their use.

Financial liabilities are derecognised when the relevant obligation has either been discharged, cancelled or has expired.

1.9 Employee costs

These are all costs paid by an employer in exchange for services rendered by an employee. These include employee benefits such as salaries, bonuses, housing allowance, medical and other contributions, which are recognised in the income statement during the period in which the employee renders the related service. Detailed policies can also be noted under the Employee Benefits note.

Accounting Policies

1.10 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

All Actuarial gains and losses are recognised immediately in surplus or deficit when they occur.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

1.11 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present or constructive obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

The discount rate is a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 42.

1.12 Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Accounting Policies

Revenue from exchange transactions (continued)

Recognition

Revenue from exchange transactions is only recognised once all of the following criteria have been satisfied:
a) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
b) The amount of revenue can be measured reliably; and
c) It is probable that the economic benefits or service potential associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Measurement

Revenue from exchange transactions is measured at the fair value of the consideration received or receivable taking into account the amount of any discounts and rebates allowed by the entity. Fair value is the amount for which an asset could be exchanged, or a liability, between knowledgeable, willing parties in an arm's length transaction.

Service charges relating to electricity are based on consumption. Meters are read on a quarterly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Interest revenue is recognised on a time proportion basis.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

1.13 Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when the fine is issued.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Government grants

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

1.14 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.15 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.16 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.17 Change in Accounting Policies, Estimates and Errors

Changes in accounting policies that are effected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality shall restate the opening balances of assets, liablilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of the changes in estimates are disclosed in the notes to the financial statements where applicable.

1.18 Prepayments

The amount is not taken to profit or loss and other comprehensive income as an expense but disclosed as a current asset in the statement of financial position. The expense is only raised when it is incurred.

1.19. Accumulated Surplus

Included in the accumulated surplus is the previous years profits as well as the effects of changes in accounting policies and correction of errors.

1.20 Principles applicable to the recognition and measurement of traffic fines

New principle to be applied from 1 July 2013

In 2012, the ASB revised IGRAP 1 Applying the Probability Test on the Initial Recognition of Revenue to include revenue from non-exchange transactions. This amendment is applicable to municipalities from 1 July 2013. IGRAP 1 indicates that entities should not consider the probability of non-payment on the initial recognition of revenue. This should be considered as a subsequent event when assessing impairment.

Impact of IGRAP 1 on previous periods

In 2013/14, the amendment to IGRAP 1 is effective from 1 July 2013 and should be applied prospectively. This means that if an entity did include the probability of non-payment in the initial recognition and measurement of revenue in 2012/13, then in 2013/14 it need not retrospectively restate the comparative information to exclude the probability of non-payment. However, the municipality adopted this standard for the first time in 2013/14 reporting period.

1.21 VAT

The Municipality accounts for Value Added Tax on the payments basis. This means that VAT is declared to the South African Revenue Services as input VAT or output VAT only when payments are made to suppliers or payments are received for goods or services.

1.22 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2014/07/01 to 2015/06/30.

The Statement of Comparison of Budget and Actual Amounts is disclosed on page 9 of the Annual Financial Statements.

Signifcant variances between budgeted amounts and actual amounts are disclosed in note 50 as well as reasons for these variances.

1.23 Related parties

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

1.24 Commitments

Items are classified as commitments where the Municipality commits itself to future transactions that will normally result in the outflow of resources.
Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes. A distinction is made between capital and current commitments.
Commitments are disclosed for:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date.
- Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date.
- Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure notes to the financial statements.
- Other commitments for contracts are be non-cancellable or only cancellable at significant cost contracts should relate to something other than the business of the municipality.

1.25 Housing development fund / Housing operating account

Sections 15(5) and 16 of the Housing Act, (Act No. 107 of 1997), which came into operation on 1 April 1998, required that the Entity maintain a separate housing operating account. This legislated separate operating account is known as the Housing Development Fund.
The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

The following provisions are set for the creation and utilisation of the Housing Development Fund:

- The Housing Development Fund is cash-backed, and invested in accordance with the investment policy of the municipality.
- The proceeds in this fund are utilised for housing development in accordance with the National Housing Policy, and also for housing development projects approved by the MEC for Human Settlements.
- Any contributions to or from the fund are shown as transfers in the Statement of Changes in Net Assets.
- Interest earned on the investments of the fund is disclosed as interest earned in the Statement of Financial Performance.

1.26 Revaluation reserve

The surplus arising from the revaluation of Property, Plant and Equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued assets are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/ (deficit). On disposal, the net revaluation surplus is transferred to the accumulated surplus/ (deficit) while gains or losses on disposal, based on revalued amounts, are credited or charged to the Statement of Financial Performance.

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

2. Inventories

Consumable stores	673,083	544,422
Medallions - at cost	2,669	2,669
	675,752	**547,091**

Inventories are held for own use with the result that no write downs of inventory to net realisable value were required.

3. Other receivables

Traffic Fines Debtor	1,276,240	1,767,150
Other Debtors	108,666	108,666
Debtors Sundry	8,555,752	8,587,405
Housing Debtors	17,964	12,983
Health Subsidy Control	35,519	35,519
Debtors Interest	72,508	142,931
Sundry Debtors Control	442,521	565,473
Less: Provision for Impairment	(9,284,029)	(11,097,202)
	1,225,141	**122,925**

Health Subsidy Control relates to expenses incurred by the municipality on an agency basis on behalf of the Provincial Government, a sundry debtor is raised which will be recovered.

Sundry Debtors relates to Alfred Nzo District Municipality and Sisonke District Municipality for transfer of water services.

4. VAT receivable from exchange transactions

VAT	14,761,289	7,749,558

VAT is declared on the payments basis. Once payment is received from debtors and payments made to creditors, VAT is declared to SARS.

5. Prepayments

SALGA Subscription for 2014/2015	-	650,504
Dimension Data	-	2,648,510
Chicolollo Free Basic Maintenance Supply	521,053	-
MAMS Assets System	24,640	-
Kokstad Copiers Maintenance	4,590	-
	550,283	**3,299,014**

6. Trade receivables

Gross balances		
Rates from non exchange transactions	37,436,994	27,649,901
Electricity from exchange transactions	3,492,063	3,269,315
Refuse from exchange transactions	9,396,249	8,174,148
	50,325,306	**39,093,364**

Less: Allowance for impairment		
Rates from non exchange transactions	(22,729,265)	(19,299,631)
Electricity from exchange transactions	(852,070)	(1,357,337)
Refuse from exchange transactions	(8,538,247)	(7,400,385)
	(32,119,582)	**(28,057,353)**

Figures in Rand	2015	2014

6. Trade receivables (continued)

Net balance		
Rates from non exchange transactions	14,707,729	8,350,270
Electricity from exchange transactions	2,639,993	1,911,978
Refuse from exchange transactions	858,002	773,763
	18,205,724	**11,036,011**

Rates from non exchange transactions		
Current (0 -30 days)	11,131	155,963
31 - 60 days	23,134	484,587
61 - 90 days	266,172	536,995
91 - 120 days	226,486	366,413
121 - 365 days	8,760,684	16,573,085
> 365 days	28,149,386	9,532,858
Impairment	(22,729,264)	(19,299,631)
	14,707,729	**8,350,270**

Electricity from exchange transactions		
Current (0 -30 days)	1,954,876	1,702,619
31 - 60 days	323,712	521,252
61 - 90 days	138,742	146,494
91 - 120 days	91,793	141,694
121 - 365 days	671,997	721,915
> 365 days	310,943	35,341
Impairment	(852,070)	(1,357,337)
	2,639,993	**1,911,978**

Refuse from exchange transactions		
Current (0 -30 days)	600,807	549,871
31 - 60 days	350,030	540,201
61 - 90 days	225,657	186,212
91 - 120 days	190,724	165,875
121 - 365 days	1,415,949	6,731,639
> 365 days	6,613,082	350
Impairment	(8,538,247)	(7,400,385)
	858,002	**773,763**

Figures in Rand	2015	2014

6. Trade receivables (continued)

Summary of debtors by customer classification

Consumers		
Current (0 -30 days)	408,263	407,723
31 - 60 days	286,235	835,896
61 - 90 days	425,290	507,583
91 - 120 days	380,674	468,045
121 - 365 days	2,778,897	16,222,424
> 365 days	25,707,266	7,967,474
	29,986,625	26,409,145
Less: Allowance for impairment	(28,916,538)	(25,007,109)
	1,070,087	**1,402,036**

Industrial/ commercial		
Current (0 -30 days)	1,674,853	1,620,960
31 - 60 days	254,081	481,346
61 - 90 days	120,116	211,468
91 - 120 days	57,721	85,750
121 - 365 days	600,812	2,140,010
> 365 days	2,321,024	567,824
	5,028,607	5,107,358
Less: Allowance for impairment	(3,203,044)	(3,050,244)
	1,825,563	**2,057,114**

National and provincial government		
Current (0 -30 days)	483,699	379,770
31 - 60 days	156,561	228,798
61 - 90 days	85,165	150,651
91 - 120 days	70,609	120,186
121 - 365 days	7,468,921	5,664,205
> 365 days	7,045,121	1,033,252
	15,310,076	**7,576,862**

Reconciliation of allowance for impairment		
Balance at beginning of the year	(28,057,353)	(18,997,877)
Contributions to allowance	(4,062,229)	(9,059,476)
	(32,119,582)	**(28,057,353)**

The fair value of receivables from exchange transactions was determined after considering the standard terms and conditions of agreement entered into between the municipality and Consumer Debtors as well as the current payment ratios of the municipality's consumers.

As of 30 June 2015, trade and other receivables from exchange transactions of R32 119 582 (2014: R28 057 353) were impaired and provided for.

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1,250	1,250
Bank balances	8,453,395	3,254,992
Short-term deposits	22,032,016	54,310,157
	30,486,661	**57,566,399**

7. Cash and cash equivalents (continued)

Short-term deposits represent investments held at various financial institutions. An investment register detailing these accounts is available at the municipal offices.

The municipality had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
Nedbank - Matatiele (Main) Account number 1011292106	9,688,467	9,123,086	(6,289,863)	2,673,789
Standard Bank - Matatiele Account number 060435224	7,211,214	242,361	7,211,214	242,511
First National Bank - Matatiele Account number 62108495187	7,531,444	338,692	7,532,044	338,692
Total	**24,431,125**	**9,704,139**	**8,453,395**	**3,254,992**

8. Investment property

	2015		2014	
	Cost / Valuation	Carrying value	Cost / Valuation	Carrying value
Investment property	18,575,800	18,575,800	21,890,900	21,890,900

Reconciliation of investment property carried at Fair Value - 2015

	Opening balance	Transfers	Total
Investment property	21,890,900	(3,315,100)	18,575,800

Reconciliation of investment property carried at Fair Value - 2014

	Opening balance	Disposals	Fair value adjustments	Total
Investment property	9,898,255	(55,200)	12,047,845	21,890,900

Investment Property Information

All of the municipality's investment properties are held under freehold interests and no Investment Property had been pledged as security for any liabilities of the municipality and are held for capital appreciation.

There are no restrictions on the reliability of investment property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations on investment property.

A register of Investment property is available at the municipal offices.

The effective date of revaluations was 1 July 2013.

The valuation was performed using data based on arms length transactions and related market evidence.

This was done by an independent by a professional valuer with the Registration Number 3550/09 by the name of Kwasi Agyaben Boateng who has a Bsc Honours Land Economy.

	2015	2014
Rental revenue from investment property	693,989	565,912

Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment

	2015			2014		
	Cost / Valuation	**Accumulated depreciation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated depreciation and accumulated impairment**	**Carrying value**
Land and buildings	78,089,429	(4,980,742)	73,108,687	61,526,922	(4,326,561)	57,200,361
Infrastructure	384,772,147	(89,006,152)	295,765,995	361,637,360	(75,891,179)	285,746,181
Community	97,534,400	(21,976,590)	75,557,810	93,437,060	(18,460,416)	74,976,644
Other property, plant and equipment	47,701,366	(14,642,661)	33,058,705	38,554,023	(11,320,757)	27,233,266
Capital under construction	126,368,070	-	126,368,070	75,090,863	-	75,090,863
Total	**734,465,412**	**(130,606,145)**	**603,859,267**	**630,246,228**	**(109,998,913)**	**520,247,315**

Reconciliation of property, plant and equipment - June 2015

	Opening balance	**Additions**	**Transfers**	**Disposals**	**Depreciation**	**Total**
Land and buildings	57,200,361	-	16,562,507	-	(654,181)	73,108,687
Infrastructure	285,746,181	3,638,284	19,516,865	(16,655)	(13,118,680)	295,765,995
Community	74,976,644	1,895,245	2,202,095	-	(3,516,174)	75,557,810
Other property, plant and equipment	27,233,266	9,245,061	-	(67,785)	(3,351,837)	33,058,705
Capital under construction	75,090,863	89,558,674	(38,281,467)	-	-	126,368,070
	520,247,315	**104,337,264**	**-**	**(84,440)**	**(20,640,872)**	**603,859,267**

Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - June 2014

	Opening balance	Additions	Transfers	Write off	Revaluations	Depreciation	Impairment loss	Total
Land and buildings	26,450,856	-	-	-	33,255,155	(572,511)	(1,933,139)	57,200,361
Infrastructure	251,564,799	3,255,557	42,923,739	-	-	(11,997,914)	-	285,746,181
Community	71,834,660	1,704,838	7,397,706	-	2,823,812	(3,444,230)	(5,340,142)	74,976,644
Other property, plant and equipment	20,453,571	10,381,954	-	(714,744)	-	(2,887,515)	-	27,233,266
Capital under construction	50,939,708	74,472,600	(50,321,445)	-	-	-	-	75,090,863
	421,243,594	**89,814,949**	**-**	**(714,744)**	**36,078,967**	**(18,902,170)**	**(7,273,281)**	**520,247,315**

Revaluations

Land is re-valued independently every 5 years.

The valuation was performed using data based on arms length transactions.

These assumptions were based on current market conditions.

The valuation of land was done through the process of creating a new valuation roll as per the requirements of the Municipal Property Rates Act. The new valuation roll was effective from 1st July 2013 and the revaluation of Land was accordingly done.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Figures in Rand	2015	2014

10. Intangible assets

	2015			2014		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1,283,681	(611,184)	672,497	1,283,681	(332,784)	950,897

Reconciliation of intangible assets - 2015

	Opening balance	Amortisation	Total
Computer software	950,897	(278,400)	672,497

Reconciliation of intangible assets - 2014

	Opening balance	Additions	Amortisation	Total
Computer software	489,347	621,391	(159,841)	950,897

11. Payables from exchange transactions

	2015	2014
Trade payables	13,583,393	8,800,695
Leave pay accrual	5,397,032	4,685,168
Income received in advance	1,013,760	196,260
Payments received in advance	1,466,225	1,630,415
Other creditors	708,645	720,186
Bonus accrual	1,472,440	1,412,262
	23,641,495	**17,444,987**

The average credit period on purchases is 30 days from the receipt of the statement, as determined by the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.

Income received in advance is due to payments received for hall hire and prepaid electricity.

Staff leave accrue to the staff of the municipality on an annual basis, subject to certain conditions. The accrual is an estimate of the amount due at the reporting date.

The management of the municipality is of the opinion that the carrying value of creditors approximate their fair values.

Bonus accrual is calculated on a 13th cheque attributable to all staff.

12. Consumer deposits

	2015	2014
Electricity	295,684	238,242

Consumer deposits are paid by consumers on application for new electricity connections. The deposits are repaid when the electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account. No interest is paid on Consumer deposits held.

The management of the municipality is of the opinion that the carrying value of Consumer deposits approximate their fair values. The fair value of Consumer deposits was determined after considering the standard terms and conditions of agreements entered into between the municipality and its consumers.

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

13. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

	2015	2014
Unspent conditional grants and receipts		
National: MIG grant	2,243,747	3,410,836
National: DoE Electrification grant	-	104,565
Provincial government grants	163,962	1,116,402
Local government	1,242,575	1,242,575
Asset Register Grant	2,359,161	364,993
Library Upgrade	572,616	414,772
Spatial Development	283,200	390,000
LED Grain Storage	307,484	600,000
LED Projects	607,515	607,515
Other Grants	268,835	445,515
	8,049,095	**8,697,173**

Refer to note 23 for reconciliation of grants and receipts.

Figures in Rand	2015	2014

14. Provisions

Reconciliation of provisions - 2015

	Opening Balance	Additions	Total
Environmental rehabilitation	10,384,120	402,063	10,786,183
Provision for long service award	1,918,636	317,756	2,236,392
Performance bonus	836,815	68,122	904,937
	13,139,571	**787,941**	**13,927,512**

Reconciliation of provisions - 2014

	Opening Balance	Additions	Total
Environmental rehabilitation	10,111,962	272,158	10,384,120
Provision for long service award	1,478,543	440,093	1,918,636
Performance bonus	537,411	299,404	836,815
	12,127,916	**1,011,655**	**13,139,571**

	2015	2014
Non-current liabilities	12,364,400	11,684,561
Current liabilities	1,563,112	1,455,010
	13,927,512	**13,139,571**

Performance Bonus

Performance bonuses accrue to senior managers on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

Long Service

The municipality has an obligation to provide long-service allowance benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current conditions of service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 5 years and every 5 years thereafter of continued service. The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the statement of financial performance.

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

Environmental rehabilitation provision

The minimum requirements for waste disposal by landfill as stated by the Department of Water Affairs and Forestry, " All land fills, except those closed prior to August 1990 when the permitting system came into effect, must be permitted before they can be legally closed. Closure will involve, inter alia, the application of final cover, top soiling, vegetating, drainage maintenance and leachate management."

The financial implications for the rehabilitation of the landfill site were performed by ADV. C P Herbst, whom is a mineral and enviromental laws consultant. This was carried out on the 25 July 2015 for the effective date, 30 June 2015. Currently no appointment for the closure has been made, and therefore estimates have been compiled. The provision is based on a 15 year estimation.

Figures in Rand	2015	2014

14. Provisions (continued)

Landfill sites generally fall into 3 categories, which are separated by the size of the landfill, the type of waste and the amount of leachate produced. The land fill site closure design is based on it falling in the G:S:B+ formation which has the following capping layers:

- 200mm Topsoil
- 300mm Compacted clay

In calculating the provision for rehabilitation, the following four items have been included:

Direct contract costs - this equates to a unit cost of 90 rand per square meter based on previous closure of the Ducats landfill. Unit costs are used to estimate rehabilitation costs until a service provider is appointed to perform an investigation and design.

Indirect professional fees - these fees are fixed and are based on a percentage of the contract.

Indirect disbursements - These are estimated by obtaining quotations from third party service providers for similar works.

Escalation has also been considered and included in the costs.

The monetary value for the provision for the landfill site at 30 June 2015 is R 10 786 183 (2014: R 10 384 120).

15. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

	2015	2014
Carrying value		
Long term portion of Health Care Benefit Liability	8,444,451	7,245,524
Current portion of Health Care Benefit	254,052	214,152
Net liability	**8,698,503**	**7,459,676**

Changes in the present value of the defined benefit obligation are as follows:

	2015	2014
Opening balance	7,459,676	6,218,312
Liabilities extinguished on settlements	(214,152)	(271,788)
Net expense recognised in the statement of financial performance	1,452,979	1,513,152
	8,698,503	**7,459,676**

Net expense recognised in the statement of financial performance

	2015	2014
Current service cost	952,359	710,554
Interest cost	675,151	547,169
Actuarial (gains) losses	(174,531)	255,429
Total included in employee related costs	**1,452,979**	**1,513,152**

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality.According to the results of the Medical Aid Funds, with which the municipality is associated a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee.The municipality operates an unfunded defined benefit plan for these qualifying employees.No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2015 by Chanan Weiss of ARCH Actuarial Consulting, fellow of the faculty of Actuaries and Fellow of the Actuarial Society of South Africa.The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Figures in Rand	2015	2014

15. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Average retirement age	63	63
Discount rates used	9.05 %	9.18 %
Health care cost inflation rate	8.21 %	8.42 %
Net effective discount rate	0.78 %	0.70 %

Other assumptions

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost	2,004,200	1,337,200
Effect on defined benefit obligation	10,385,000	7,377,000

Amounts for the current and previous four years are as follows:

	2015 R	2014 R	2013 R	2012 R	2011 R
Defined benefit obligation	8,698,503	7,459,676	6,218,312	5,354,211	2,958,546
Plan assets	-	-	-	-	-
Surplus (deficit)	(8,698,503)	(7,459,676)	(6,218,312)	(5,354,211)	(2,958,546)

16. Revaluation reserve

Opening balance	95,757,946	62,601,010
Transfer from Revaluation Reserve To Accumulated Surplus	(3,002,236)	(2,923,532)
Revaluation of Property, Plant and Equipment	-	36,080,468
	92,755,710	**95,757,946**

The revaluation reserve arose on the revaluation of land and buildings and infrastructure asset in prior periods. Where revalued land and buildings and infrastructure assets are sold, the portion of the revaluation reserve that relates to that asset, and is effectively realised, is transferred directly to accumulated surplus. The revaluation reserve is also realised through the transfer of depreciation on revalued assets to accumulated surplus. Distribution from the revaluation reserve can be made where they are in accordance with the requirements of the municipality's accounting policy and relevant case law. The payment of cash distribution out of the reserve is restricted by the terms of the municipality's accounting policy. These restrictions do not apply to any amounts transferred to accumulated surplus. The council do not currently intend to make any distributions from the revaluation reserve.

17. Revenue

Service charges	44,702,491	42,361,972
Rental of facilities and equipment	693,989	565,912
Licences and permits	2,291,326	2,188,705
Other income	1,297,011	3,991,758
Interest received - investment	7,671,381	7,878,167
Property rates	19,111,649	22,600,235
Government grants & subsidies	220,840,604	198,426,959
Public contributions and donations	720,500	183,922
Fine receipts	1,821,294	3,672,275
	299,150,245	**281,869,905**

Figures in Rand	2015	2014

17. Revenue (continued)

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	44,702,491	42,361,972
Rental of facilities and equipment	693,989	565,913
Licences and permits	2,291,326	2,188,705
Other income	1,297,011	3,991,758
Interest received - investment	7,671,381	7,878,167
	56,656,198	**56,986,515**

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue		
Property rates	19,111,649	22,600,235
Transfer revenue		
Government grants & subsidies	220,840,604	198,426,959
Public contributions and donations	720,500	183,922
Fine receipts	1,821,294	3,672,275
	242,494,047	**224,883,391**

18. Service charges

Sale of electricity	37,506,236	35,752,556
Refuse removal	7,196,255	6,609,416
	44,702,491	**42,361,972**

The amounts disclosed above for revenue from service charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

19. Rental of facilities and equipment

Hall Hire	99,017	144,141
Housing Rental	7,402	1,332
Farm Rental	84,953	94,448
Site Rental	435,453	307,735
Stadium Hire	67,164	18,256
	693,989	**565,912**

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

20. Other income

	2015	2014
Nature reserve chalets	17,693	14,884
Telephone private calls	1,830	-
Electricity connections	292,675	88,195
Service connection	19,363	93,338
Sundry services	289,033	198,103
Wood sales	-	175
Pool fees	34,051	8,303
Nature reserve annual licence	1,579	11,354
Nature reserve daily fishing	6,811	7,018
Rates certificates	4,596	2,982
Building exemption certificates	6,897	14,888
Building plans	142,887	227,337
Library membership fees	-	100
Photo copies	911	501
Plant hire	203	2,837,552
Pound fees	97,437	158,838
Cemetery fees	54,514	61,722
Tender documents	276,150	165,512
Nature reserve income	175	395
Driveway hardening	7,860	5,240
Music Festival	42,346	95,321
	1,297,011	**3,991,758**

The amounts disclosed above for other income are in respect of services rendered which are billed to or paid for by the users as the services are required according to approved tariffs.

21. Investment revenue

	2015	2014
Interest revenue		
Interest on short-term bank deposits	3,582,068	5,414,485
Loans and receivables	4,089,313	2,463,682
	7,671,381	**7,878,167**

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

22. Property rates

Rates received

	2015	2014
Residential	7,900,022	14,522,147
Commercial	7,165,568	14,508,694
Agricultural	1,167,380	2,122,048
Vacant land	366,587	396,602
Municipal and Local Government (Rural)	13,785,654	-
Exempted properties	(2,479,620)	2,312,620
Adjusted Corrections	(736,799)	3,840,793
Less: Rebates (Phase-in)	(8,057,143)	(15,102,669)
	19,111,649	**22,600,235**

Supplementary assessment rates are levied on the value of land and improvements, for which a valuation is performed every five years. Valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

A new valuation roll has been implemented from 1 July 2013.

Valuations

	2015	2014
Residential	854,931,820	964,352,500
Commercial	721,608,000	802,948,000
Agricultural	564,224,509	564,224,509
Vacant land	20,305,000	21,967,500
Municipal and Local Government (Rural)	631,151,639	468,680,639
Exempted properties	240,769,680	308,615,500
	3,032,990,648	**3,130,788,648**

A general rate of R1.44 (2014: R1.44) is applied to residential property valuations and R1.73 (2014: R1.73) to commercial property valuations to determine assessment rates. Rebates of 35% (2014: 35%) are granted to residential property owners and 10% (2014: 10%) to commercial property owners.

Rates are levied on an annual basis with the final date for payment being 30 September 2015 (30 September 2014). Interest at 18% per annum (2014: 18%) and a collection fee of 0% (2014: 0%), is levied on rates outstanding two months after due date.

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

23. Government grants and subsidies

Operating grants		
Equitable share	138,979,000	118,051,000
	138,979,000	118,051,000
Capital grants		
National: FMG grant	1,600,000	1,550,000
National: MIG grant	46,926,089	48,774,818
National: MSIG grant	934,000	890,000
National: DoE Electrification grant	21,904,565	9,904,298
Nature Reserve	237,465	104,542
LUMS	-	120,750
Provincial: Capacity Building	-	14,834
Other government	4,985,509	5,170,105
Provincial: Treasury	809,003	741,670
Provincial: DEAT	-	184,183
Vuna Awards	500,000	-
Small town & rural village grant	29,669	36,805
Spatial Development	106,800	-
Clean audit Umzimvubu	-	3,500,000
Grain Storage	692,516	-
Asset Register Grant	3,005,832	1,635,007
Desrac Grant	130,156	161,228
National: Election Grant	-	7,587,719
	81,861,604	80,375,959
	220,840,604	**198,426,959**

Equitable Share

In terms of the constitution, this grant is used to subsidise the provision of basic services to indigent community members and to fund operations.

National: FMG grant

Current-year receipts	1,600,000	1,550,000
Conditions met - transferred to revenue	(1,600,000)	(1,550,000)
	-	-

Conditions still to be met - remain liabilities (see note 13).

National: MIG grant

Balance unspent at beginning of year	3,410,836	11,728,654
Current-year receipts	45,759,000	40,457,000
Conditions met - transferred to revenue	(46,926,089)	(48,774,818)
	2,243,747	**3,410,836**

Conditions still to be met - remain liabilities (see note 13).

National: MSIG grant

Current-year receipts	934,000	890,000
Conditions met - transferred to revenue	(934,000)	(890,000)
	-	-

Conditions still to be met - remain liabilities (see note 13).

Figures in Rand	2015	2014

23. Government grants and subsidies (continued)

National: DoE Electrification grant

Balance unspent at beginning of year	104,565	8,863
Current-year receipts	21,800,000	10,000,000
Conditions met - transferred to revenue	(21,904,565)	(9,904,298)
	-	**104,565**

Conditions still to be met - remain liabilities (see note 13).

National: Clean Audit

Current-year receipts	-	3,500,000
Conditions met - transferred to revenue	-	(3,500,000)
	-	-

Conditions still to be met - remain liabilities (see note 13)

Provincial government

Balance unspent at beginning of year	1,116,402	1,962,614
Current-year receipts	-	1,827,277
Conditions met - transferred to revenue	(952,440)	(2,673,489)
	163,962	**1,116,402**

Conditions still to be met - remain liabilities (see note 13)

Local government

Balance unspent at beginning of year	1,242,575	271,860
Current-year receipts	150,000	970,715
Conditions met - transferred to revenue	(150,000)	-
	1,242,575	**1,242,575**

Conditions still to be met - remain liabilities (see note 13)

Asset Register Grant

Balance unspent at beginning of year	364,993	-
Current-year receipts	5,000,000	2,000,000
Conditions met - transferred to revenue	(3,005,832)	(1,635,007)
	2,359,161	**364,993**

Conditions still to be met - remain liabilities (see note 13)

Library Upgrade

Balance unspent at beginning of year	414,772	288,000
Current-year receipts	288,000	288,000
Conditions met - transferred to revenue	(130,156)	(161,228)
	572,616	**414,772**

Conditions still to be met - remain liabilities (see note 13)

Figures in Rand	2015	2014

23. Government grants and subsidies (continued)

Spatial Development

Balance unspent at beginning of year	390,000	-
Current-year receipts	-	390,000
Conditions met - transferred to revenue	(106,800)	-
	283,200	**390,000**

Conditions still to be met - remain liabilities (see note 13)

LED Grain Storage

Balance unspent at beginning of year	600,000	-
Current-year receipts	400,000	600,000
Conditions met - transferred to revenue	(692,516)	-
	307,484	**600,000**

Conditions still to be met - remain liabilities (see note 13)

LED Projects

Balance unspent at beginning of year	607,515	791,698
Conditions met - transferred to revenue	-	(184,183)
	607,515	**607,515**

Conditions still to be met - remain liabilities (see note 13)

Incentive Grant

Balance unspent at beginning of year	-	618,171
Current-year receipts	4,485,000	3,946,000
Conditions met - transferred to revenue	(4,485,000)	(4,564,171)
	-	-

Conditions still to be met - remain liabilities (see note 13)

Music Festival

Current-year receipts	500,000	-
Conditions met - transferred to revenue	(500,000)	-
	-	-

Conditions still to be met - remain liabilities (see note 13).

Other Grants

Balance unspent at beginning of year	445,515	557,315
Current-year receipts	130,000	112,000
Conditions met - transferred to revenue	(306,680)	(223,800)
	268,835	**445,515**

Conditions still to be met - remain liabilities (see note 13).

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

24. Public contributions and donations

Donations	720,500	183,922

Figures in Rand	2015	2014

25. Employee related costs

Basic	57,699,508	51,262,394
Bonus	2,555,181	2,275,482
Medical aid - company contributions	1,884,514	1,503,583
UIF	463,447	220,856
SDL	30,015	26,266
Leave pay accrual charge	1,081,962	2,151,634
Defined benefit plan expense	317,756	516,038
Defined benefit obligation	6,684,464	5,331,247
Overtime payments	1,566,019	2,053,890
Other allowances	35,600	31,600
Car allowance	3,083,619	2,726,916
Housing benefits and allowances	1,396,643	1,014,785
	76,798,728	**69,114,691**

Post employment benefits comprises an amount of R6 684 464 (2014: R5 331 247) which are pension payments.

Remuneration of Municipal Manager

Annual Remuneration	1,034,875	909,192
Car Allowance	300,000	259,470
Performance Bonuses	-	136,101
Contributions to UIF, Medical and Pension Funds	1,785	1,785
	1,336,660	**1,306,548**

Dr D.C.T Nakin served as Municipal Manager for the entire period under review.

Remuneration of Chief Financial Officer

Annual Remuneration	815,792	752,806
Car Allowance	210,000	210,000
Performance Bonuses	48,028	-
Contributions to UIF, Medical and Pension Funds	1,785	1,785
	1,075,605	**964,591**

Mr. L. Ndzelu was the Chief Financial Officer for the entire period under review.

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

25. Employee related costs (continued)

Remuneration of Corporate Services Manager

Annual Remuneration	863,792	817,315
Car Allowance	162,000	144,000
Contributions to UIF, Medical and Pension Funds	1,785	1,785
	1,027,577	**963,100**

Mr T. Somtseu was the Corporate Services Manager for the entire period under review.

Remuneration of Community Services Manager

Annual Remuneration	737,792	721,874
Car Allowance	288,000	240,000
Contributions to UIF, Medical and Pension Funds	1,785	1,785
	1,027,577	**963,659**

Mr S.M. Mbedla served as Community Services Manager for the entire period under review.

Remuneration of the EDP Manager (Ms G.R Tobia)

Annual Remuneration	809,221	767,474
Car Allowance	132,000	170,000
Contributions to UIF, Medical and Pension Funds	24,564	25,929
Remuneration of the EDP Manager (Mr V Ndaba)		
Acting Allowance	17,589	-
	983,374	**963,403**

Ms G.R. Tobia was the EDP Manager from July 2014 until 8 June 2015.
Mr V Ndaba was the acting EDP Manager from the 9 June 2015 until 30 June 2015.

Remuneration of the Infrastructure Manager

Annual Remuneration	797,792	721,128
Housing allowance	96,000	-
Car Allowance	132,000	240,000
Contributions to UIF, Medical and Pension Funds	1,785	1,785
	1,027,577	**962,913**

Mr M. Somi was the Infrastructure Manager for the entire period under review.

Figures in Rand	2015	2014

25. Employee related costs (continued)

Staff leave benefits

Municipal Manager	134,105	30,000
Chief Financial Officer	42,682	26,896
Corporate Services Manager	134,600	92,215
Community Services Manager	107,199	76,846
EDP Manager	6,810	57,634
Infrastructure Manager	148,064	92,215
	573,460	**375,806**

26. Remuneration of councillors

Mayor	535,271	548,627
Speaker	185,680	228,641
Chief Whip	407,754	384,878
MPAC Chair	380,809	234,908
Executive Committee	2,277,868	2,372,484
Councillors	6,691,149	5,973,441
Company contributions to UIF,medical aid and pension fund	681,666	394,544
Sundry Allowances (Cellular phones, housing and vehicles)	4,776,547	4,669,026
	15,936,744	**14,806,549**

27. Depreciation and amortisation

Property, plant and equipment	20,640,873	18,902,173
Intangible assets	278,400	159,842
	20,919,273	**19,062,015**

28. Finance costs

Late payments	15,300	1,830

29. Debt impairment

Contributions to debt impairment provision	2,249,057	20,249,896

30. Bulk purchases

Electricity	28,923,865	26,146,887

Bulk purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to consumers. Electricity is purchased from Eskom. The municipality incurred electricity line losses of R 1 197 168 at a percentage of 6.23% (2014: 8.70%) in the current year. The technical losses is R864 419 (4.5%) and the non-technical losses are R332 750(1.73%)

Water is supplied directly to residents and businesses by the district municipality.

31. Contracted services

Maintenance Agreements	13,417,250	13,388,834

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

32. Conditional grants - Operating expenditure

Grants paid for projects and IDP		
Clean Audit Umzimvubu	-	3,500,000
IDP	148,263	273,978
Desrac Grant	129,710	161,228
LUMS	-	120,750
Nature Reserve Fencing	143,437	104,542
Eastern Cape Province support of IEC	-	7,587,719
Mokhosi Milling Project	-	184,183
Small town and rural village	26,025	36,805
EPWP incentive	4,483,634	4,564,171
Vuna Awards	114,035	-
Music Festival	500,000	-
SEETA	11,700	-
Other grants and subsidies paid	809,003	-
	6,365,807	**16,533,376**

Other grants and subsidies		
FBS Electricity	7,892,689	6,000,000
LED	94,029	-
FBS Refuse	1,995,456	3,910,668
MIG Salaries	1,524,967	2,022,850
Office Rental	-	480,000
MDF Asset Register	-	196,012
Capacity building	-	14,834
MSIG	840,777	890,000
Grain Storage	609,857	-
FMG	1,494,777	1,095,645
Spatial Development	106,800	-
FAR, Revenue & Exp Enhancement	2,638,868	1,635,007
	17,198,220	**16,245,016**
	23,564,027	**32,778,392**

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

33. General expenses

Advertising	1,227,685	1,358,059
Auditors remuneration	3,821,754	4,189,989
Bank charges	231,521	243,658
Chemicals	1,215,599	53,072
Conferences and seminars	2,019,161	1,745,435
Consulting and professional fees	11,954,948	7,553,556
Consumables	561,947	373,661
Contribution to bonus and post retirement provision	1,306,949	1,540,768
Delegates expenses	4,654,579	5,111,571
Donations	-	129,202
Electricity	404,411	733,039
Entertainment	320,253	313,874
Farming	33,963	37,339
Fuel and oil	2,477,364	1,585,772
Hire	89,500	2,899
Insurance	556,950	861,974
Motor vehicle expenses	178,563	165,482
Obsolete stock written off	11,710	9,513
Other expenses	172,496	739,083
Postage and courier	151,077	116,178
Printing and stationery	944,342	625,795
Project maintenance costs	3,986,947	3,067,038
Public participation	350,637	230,631
Resealing	1,251,333	487,120
Subscriptions and membership fees	915,470	700,000
Telephone and fax	2,113,744	1,771,414
Town planning	-	229,296
Training	1,672,763	1,367,183
Uniforms	174,148	63,233
Venue expenses	214,372	237,123
	43,014,186	**35,642,957**

34. Auditors' remuneration

Fees	3,821,754	4,189,989

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

35. Cash generated from operations

Surplus	61,238,409	44,965,048
Adjustments for:		
Depreciation and amortisation	20,919,273	19,062,015
Loss on sale of assets and liabilities	79,447	307,561
Profit on sale of asset	-	(844,949)
Fair value adjustment	-	(12,046,345)
Impairment loss	-	7,273,280
Debt impairment	2,249,057	20,249,896
Movements in retirement benefit assets and liabilities	1,238,827	1,241,364
Movements in provisions	787,941	1,011,655
Write back of stale cheques	21,660	82,474
Interest on Housing Fund	24,695	-
Changes in working capital:		
Inventories	(128,661)	(1,740)
Consumer debtors	(9,418,770)	(20,314,777)
Other receivables from non-exchange transactions	(1,102,216)	10,021,720
Prepayments	2,748,731	(3,299,014)
Payables from exchange transactions	6,196,507	5,382,067
VAT	(7,011,731)	(3,087,283)
Consumer deposits	57,442	(1,550)
Unspent conditional grants and receipts	(648,078)	(7,530,004)
	77,252,533	**62,471,418**

36. Unauthorised expenditure

Opening balance	9,679,923	-
Unauthorised expenditure current year	-	9,679,923
Approved by Council or condoned	(9,679,923)	-
	-	**9,679,923**

There was no unauthorised expenditure in the current year.

Impairment loss not budgeted for in the prior year.

37. Fruitless and wasteful expenditure

Opening balance	1,830	8,422
Fruitless and wasteful expenditure - current year	15,300	1,830
Less: amounts approved for write-off by council	(14,799)	(8,422)
	2,331	**1,830**

All fruitless and wasteful expenditure incurred was as a result of interest / penalties charged on late payments. A schedule of these items are available at the municipal offices.

38. Irregular expenditure

Opening balance	7,489,689	-
Add: Irregular expenditure - current year	3,270,000	5,731,524
Add: Irregular expenditure - prior year	-	1,758,165
Less: amounts approved for write-off by council	(10,759,689)	-
	-	**7,489,689**

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

39. Section 32 procurement

2015

Bell Equipment Sales SA LTD
Rock Powerline Electrical
Bantubanye Skills
Interwaste (PTY) LTD
Parallex Management Consultants

2014

Umnotho Business Consulting
Cysasound Events Management
Harvey Traveling Agency
Down Touch Investment
Wahlumaa Trading Enterprise
Qumbiso Construction
Roeleveld Quantity Surveyors Pro / BTKM Consortium
Protea Consulting
Dimension Data
Tswella Trading

During the current year the Municipality chose to utilise the provisions of section 32 (s32) of the Supply Chain Regulations to award tenders to companies using the competitive bidding process of other Municipalities. The above companies were appointed by way of use of this provision. All sections of the provisions were adhered to in the awarding of bids.

40. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	838,196	659,108
Amount paid - current year	(838,196)	(659,108)
	-	-

Audit fees

Current year subscription / fee	3,820,254	4,189,989
Amount paid - current year	(3,820,254)	(4,189,989)
	-	-

PAYE and UIF

Current year subscription / fee	13,545,623	12,870,877
Amount paid - current year	(13,545,623)	(12,870,877)
	-	-

VAT

VAT receivable	14,761,289	7,749,558

VAT output payables and VAT input receivables are shown in note 4.

All VAT returns have been submitted by the due date throughout the year.

Figures in Rand	2015	2014

40. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2015:

30 June 2015	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
NE Kotelana	112	-	112
CP Ntsolo	1,079	9,094	10,173
MM Tsoloane	1,500	9,371	10,871
SM Ndukwana	112	-	112
PM Stuurman	1,087	10,375	11,462
KB Makholwa	1,274	6,590	7,864
CN Sambane	1,274	12,740	14,014
PZ Bono	1,274	12,740	14,014
LE Stuurman	-	8,530	8,530
T Dyantyi	112	-	112
SM Mzozoyana	209	-	209
AM Saliwavikwa	3,191	136,322	139,513
MN Mshuqwana	112	-	112
AM Saliwavikwa (M Malamlela)	3,140	112,595	115,735
JM Mlandu	678	19,864	20,542
M Lebese	2,830	-	2,830
	17,984	**338,221**	**356,205**

The property is registered under the name of Mr.M. Malamlela who is the same person as Mr. A.M. Saliwavikwa.

Supply chain management regulations - Deviations

In terms of section 36(2) of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved by the Municipal Manager and be reported to Council for noting.

Incident		
In an emergency	779,565	1,181,853
If such goods or services are produced or available from single provider only	253,215	937,074
In any other exceptional case where it is impractical or impossible to follow official procurement processes	15,168,875	25,479,671
	16,201,655	**27,598,598**

41. Commitments

Authorised capital and operational expenditure

Already contracted for but not provided for		
• Capital	101,877,855	129,129,012
• Operational	53,804,406	-
	155,682,261	**129,129,012**

This committed expenditure which relates to Infrastructure will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

42. Contingencies

LIABILITIES

TCN Architects CC vs Matatiele Local Municipality

The estimated cost is R326 234 plus 15.5% interest per annum

Royal Court Yard vs Matatiele Local Municipality

The estimated cost is R46 000

Matatiele Golf Club vs Matatiele Local Municipality

The estimated cost is R150 000

M Moshoeshoe vs Matatiele Local Municipality

The estimated cost is R4 400 000.

Mrs Matubatuba vs Matatiele Local Municipality

The estimated cost is R100 000

Zincede Ngokwakho Housing CC vs Matatiele Local Municipality

The estimated cost is R700 000

Diko van de Merve CC vs Matatiele Local Municipality

A claim was made for non-payment by the Municipality to Diko van de Merve. The potential liability is R463 348.

Salathiso Ntabeni vs Matatiele Local Municipality

The estimated cost is R300 000

Rashid Shaik vs Matatiele Local Municipality

The estimated cost is R200 000

ASSETS

Matatiele Local Municipality vs Municipal staff member

The estimated cost is R122 963.

Matatiele Local Municipality vs Municipal staff member

The estimated cost is unknown.

Matatiele Local Municipality vs Desia Thurston

The is estimated cost is R300 000

Matatiele Local Municipality vs VH Sokupola and 66 others

The estimated cost is R20 000

Matatiele Local Municipality vs ST Mzozoyana

The estimated cost is R14 000

43. Related parties

Community liaison officer	Spouse
Accountant - Payroll	Spouse

Xolani Faniso, spouse of the Community Liaison officer of the municipality, who is also a member of Bathokozeleni Trading CC who were appointed on the 17th June 2014 in relation to carting of water to the community. The expenditure incurred in the current year amounted to R142 553. The same company were then appointed to provide services relating to grass cutting, digging of graves and cleaning of various Municipal properties. Current year expenditure relating to the above amounted to R1 098 056.

Taelo Letseka, the spouse of the Accountant - Payroll of the municipality (1 November 2012 - Current), is a member of Sweet Dreams Trading JV Impamgela who were appointed on the 1st of November 2014 in relation to the supply and installation of the Maluti Transido Fencing, the expenditure incurred amounted to R64 564. The same company was then appointed to provide grass cutting of various Municipal properties, the expenditure incurred amounted to R585 000.

Councillors and/or management of the municipality had no relationship with businesses to management's best knowledge.

44. In-kind donations and assistance

The municipality was not engaged in any transaction or event during the year under review involving in-kind donations.

45. Events after the reporting date

There were no events that occured after the reporting date.

46. Risk management

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Credit and Interest risk

Credit and Interest risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash.

Financial assets exposed to credit and interest risk at year end were as follows:

Financial instrument	**2015**	**2014**
Trade receivables	18,205,724	11,036,011
Nedbank	9,123,086	2,673,789
Standard Bank	242,511	242,361
First National Bank	338,692	338,492
Short term investments	22,032,016	54,310,157

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

47. Financial instruments disclosure

Categories of financial instruments

2015

Financial assets

	At fair value	At amortised cost	Total
Trade and other receivables from exchange transactions	-	14,761,289	14,761,289
Other receivables from non-exchange transactions	-	10,509,170	10,509,170
Consumer debtors	-	50,325,306	50,325,306
Cash and cash equivalents	30,486,661	-	30,486,661
	30,486,661	**75,595,765**	**106,082,426**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	23,641,494	23,641,494

2014

Financial assets

	At fair value	At amortised cost	Total
Trade and other receivables from exchange transactions	-	7,784,787	7,784,787
Other receivables from non-exchange transactions	-	14,259	14,259
Consumer debtors	-	11,036,011	11,036,011
Cash and cash equivalents	57,566,399	-	57,566,399
	57,566,399	**18,835,057**	**76,401,456**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	17,444,987	17,444,987

Fair value information

The management of the municipality is of the opinion that the carrying value of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial Statements approximate their fair values.The fair value of Financial Assets and Financial Liabilities were determined after considering the standards terms and conditions of agreements entered into between the municipality and other parties as well as the current payment ratios of the municipalit's debtors.

Fair value hierarchy of financial assets at fair value

	2015	2014
Transfers out of level 1		
Short term deposits	22,032,016	54,310,157
Bank balances and cash	8,453,396	3,254,992
	30,485,412	**57,565,149**

48. Operating lease

The Municipality had the following operating leases in the current year:

Kokstad Copiers - The lease is held on a monthly basis. No outstanding commitment exists.

Konica Minolta - for a period of 12 months. The commitment for the next 12 months is R10 502.

Cracovia - The lease is renewed every 6 months. No outstanding commitment exists.

Nedbank : for a period of 36 months. At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:

Within one year :	R78 947
In the second to fifth year inclusive:	R39 474

Telkom:

Within one year:	R574 485
In the second to fifth year inclusive:	R1 531 956

49. Key Sources of Estimation Uncertainty and Judgements

The following areas involve a significant degree of estimation uncertainty:

Useful lives and residual values of property, plant, and equipment
Recoverable amounts of property, plant and equipment
Provision for rehabilitation of landfill sites (discount rate used, number of years, amount of cash flows)
Present value of defined benefit obligation
Fair value of plan assets
Provision for doubtful debts
Impairment of assets
Provision for long-term service award
Other

The following areas involved judgements, apart from those involving estimations disclosed above, that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Impairment of assets
Provisions
Other

50. Budget differences

Material differences between budget and actual amounts

Income

Service charges - this was due to people saving electricity and load shedding
Rental of facilities and equipment - this was due to more people renting the municipal properties i.e. Stadiums and halls than anticipated
Licences and permits - this was due to more people registering their vehicles in the Eastern Cape
Other Income - this was due to other income that was supposed have been received but were not
Interest received - investment - this was due to interest rates having been decreased and not enough money was invested during the year due to other commitments.
Property rates - this was due to customers not paying for their services - taxes
Government grants & subsidies - this was due to other grants that were not received during the year
Public donations - this was due to a donation that we received from Alfred Nzo
Fines - this was due to a reduction in fines issued

Expenditure

Employee related cost - not all the posts which were budgeted for were filled
Remuneration of councillors - the gazzette that was issued by the Minister which was below the budget
Depreciation - not all the assets that were supposed to purchased were purchased
Finance cost - this was due to interest that was charged on late payments but has since been recovered from responsible official
Debt impairment - This was due to more debtors that need to be impaired
Impairment -
Repairs and Maintenance - this was due to reduced requirements of repairs on municipal assets
Contracted Services - this was due to contracted services being not more than the actual amount as per the budget
Conditional grants - operating expenditure - this was due to not all the grants expenditure was paid as per the budget
General Expenses - this was due the other expenses not exceeding the budgeted amount

Matatiele Local Municipality
APPENDIX A
SCHEDULE OF EXTERNAL LOANS
as at 30 June 2015

EXTERNAL LOANS	Loan number	Redeemable Date	Balance at 30 June 2014	Received during the period	Redeemed / written off during the period	Balance at 30 June 2015	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with MFMA
LONG-TERM LOANS								
Stock Loan @ x% 2								
Stock Loan @ x% 3								
Stock Loan @ x% 4								
Stock Loan @ x% 5								
Stock Loan @ x% 6								
Stock Loan @ x% 7								
Stock Loan @ x% 8								
Total long-term loans								
ANNUITY LOAN								
Sanlam @ x%								
GOVERNMENT LOANS								
- Other @ x%								
Total Government Loans								
TOTAL EXTERNAL LOANS								

Matatiele Local Municipality
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
for the year ended 30 June 2015

	Cost / Revaluation					Accumulated Depreciation and Accumulated Impairment							
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance	Transfers	Other movements	Carrying Value
Land													
Land	61 527 623	701	-	-	61 528 324	4 326 561	675 998	-	-	5 002 559	-	-	56 525 765
Landfill Sites													-
Quarries													-
	61 527 623	701	-	-	61 528 324	4 326 561	675 998	-	-	5 002 559	-	-	56 525 765
Buildings	-												-
Infrastructure													
Drains	144 654 944	7 660 177			152 315 121	30 356 472	5 061 284	-		35 417 755	5 321 946		122 219 312
Roads	126 573 076	6 702 655			133 275 731	26 561 913	4 428 623	-		30 990 536	4 656 702		106 941 898
Sewerage Mains & Purification													
Electricity Mains	36 163 736	1 915 044			38 078 780	7 589 118	1 265 321	-		8 854 439	1 330 486		30 554 828
Electricity Peak Load Equip													
Water Mains & Purification	28 930 989	1 532 035			30 463 024	6 071 294	1 012 257	-		7 083 551	1 064 389		24 443 862
Reservoirs – Water													
Water Meters	25 314 615	1 340 531			26 655 146	5 312 383	885 725	-		6 198 107	931 340		21 388 380
Storm Water													
Under construction													
	361 637 360	19 150 443	-	-	380 787 803	75 891 179	12 653 209	-	-	88 544 388	13 304 864	-	305 548 279
Community Assets													
Parks & Gardens	32 702 971	1 877 869			34 580 840	6 461 146	1 247 447		-	7 708 593	452 516		27 324 763
Libraries	37 374 824	2 146 136			39 520 960	7 384 166	1 425 654		-	8 809 820	517 161		31 228 301
Recreation Grounds													-
Civic Buildings	9 343 706	536 534			9 880 240	1 846 042	356 413		-	2 202 455	129 290		7 807 075
Stadiums													-
Halls	7 474 965	429 227			7 904 192	1 476 833	285 131		-	1 761 964	103 432		6 245 660
Theatre													-
Swimming Pools	6 540 594	375 574			6 916 168	1 292 229	249 489		-	1 541 719	90 503		5 464 953
Cemeteries													-
	93 437 060	5 365 340	-		98 802 400	18 460 416	3 564 134	-	-	22 024 550	1 292 902	-	78 070 752
Total carried forward	516 602 043	24 516 484	-	-	541 118 527	98 678 156	16 893 341	-	-	115 571 497	14 597 766	-	440 144 796

Matatiele Local Municipality
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
for the year ended 30 June 2015

	Cost / Revaluation					Accumulated Depreciation							
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance	Transfers	Other movements	Carrying Value
Total brought forward													
Other Assets			-										
Office Equipment	13 493 908	3 235 596	-100 000		16 629 504	3 962 265	1 195 568	-12 474		5 145 359			11 484 145
Furniture & Fittings	15 421 609	3 697 124			19 118 734	4 528 303	1 366 364			5 894 666			13 224 067
Bins and Containers					-								
Emergency Equipment	3 855 402	924 456			4 779 858	1 132 076	341 591			1 473 667			3 306 192
Motor vehicles					-								
Fire engines	3 084 322	739 565			3 823 887	905 661	273 273			1 178 933			2 644 953
Refuse tankers					-								
Computer Equipment	2 698 782	647 119			3 345 901	792 453	239 114			1 031 567			2 314 334
Computer Software (part of computer equipment)													-
Other Assets													-
	38 554 023	9 245 061	-100 000	-	47 697 884	11 320 757	3 415 909	-12 474	-	14 724 192	-		32 973 692
Work in progress													
Community Assets	22 527 259	21 172 926			43 700 185						-4 379 330		39 320 855
Land and Buildings	15 018 173	14 115 284			29 133 457						-2 919 553		26 213 903
Infrastructure Assets	37 545 432	35 288 210			72 833 642						-7 298 883		65 534 759
	75 090 863	70 576 420	-	-	125 412 308	-	-	-	-	-	-14 597 766	-	131 069 517
Total	**630 246 929**	**104 337 965**	**-100 000**	**-**	**714 228 719**	**109 998 913**	**20 309 250**	**-12 474**	**-**	**130 295 689**	**-**	**-**	**604 188 005**

Matatiele Local Municipality
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
for the year ended 30 June 2015

	Cost / Revaluation					Accumulated Depreciation and Accumulated Impairment							
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance	Transfers	Other movements	Carrying Value
Land													
Land	61 526 922	16 562 507	-	-	78 089 429	4 326 561	654 181	-	1 933 139	4 326 561	-	-	73 108 687
Landfill Sites													-
Quarries													-
	61 526 922	16 562 507	-	-	61 526 922	4 326 561	654 181	-	1 933 139	4 326 561	-	-	73 108 687
Buildings													-
Infrastructure													
Drains	110 410 315	1 133 036			111 543 352	22 362 636	4 199 326	-		26 561 962	15 023 309		100 004 699
Roads	141 956 120	1 456 761			143 412 881	28 751 960	5 399 133	-		34 151 094	19 315 683		128 577 470
Sewerage Mains & Purification													
Electricity Mains	31 545 804	323 725			31 869 529	6 389 325	1 199 807	-		7 589 132	4 292 374		28 572 771
Electricity Peak Load Equip													
Water Mains & Purification	18 927 483	194 235			19 121 717	3 833 595	719 884	-		4 553 479	2 575 424		17 143 663
Reservoirs – Water													
Water Meters	12 618 322	129 490			12 747 812	2 555 730	479 923	-		3 035 653	1 716 950		11 429 108
Storm Water													
Under construction													-
	361 637 360	3 237 246	-	-	318 695 290	63 893 245	11 998 074	-	-	75 891 319	42 923 739	-	295 765 995
Community Assets													
Parks & Gardens	29 515 674	596 694			30 112 368	3 385 209	1 205 481		1 869 050	6 459 740	2 589 197		26 241 825
Libraries	37 948 724	767 177			38 715 901	4 352 412	1 549 905		2 403 064	8 305 380	3 328 968		33 739 489
Recreation Grounds					-								-
Civic Buildings	8 433 050	170 484			8 603 534	967 203	344 423		534 014	1 845 640	739 771		7 497 664
Stadiums					-								-
Halls	5 059 830	102 290			5 162 120	580 322	206 654		320 409	1 107 384	443 862		4 498 599
Theatre					-								-
Swimming Pools	3 373 220	68 194			3 441 413	386 881	137 769		213 606	738 256	295 908		2 999 066
Cemeteries													-
	93 437 060	1 895 245	-	-	97 534 400	18 460 416	13 118 680	-	5 340 142	21 976 590	7 397 706	-	75 557 810
Total carried forward	461 297 464	4 942 085	-	-	466 239 548	75 386 181	16 014 818	-	7 273 281	98 674 280	50 321 445	-	417 886 713

Matatiele Local Municipality
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
for the year ended 30 June 2015

	Cost / Revaluation					Accumulated Depreciation							
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance	Transfers	Other movements	Carrying Value
Total brought forward	461 297 464	4 942 085	-	-	466 239 548	75 386 181	16 014 818	-	7 273 281	98 674 280	50 321 445	-	417 886 713
Other Assets													
Office Equipment	10 430 866	3 633 684	-570 405		13 494 146	3 272 117	1 010 630	-320 244		3 962 502			9 531 643
Furniture & Fittings	13 411 114	4 671 879	-733 377		17 349 616	4 207 007	1 299 382	-411 743		5 094 646			12 254 970
Bins and Containers													
Emergency Equipment	2 980 248	1 038 195	-162 973		3 855 470	934 890	288 752	-91 498		1 132 144			2 723 327
Motor vehicles					-								
Fire engines	1 788 149	622 917	-97 784		2 313 282	560 934	173 251	-54 899		679 286			1 633 996
Refuse tankers													
Computer Equipment	1 192 099	415 278	-65 189		1 542 188	373 956	115 501	-36 599		452 857			1 089 331
Computer Software (part of computer equipment)													-
Other Assets													-
	38 554 023	9 245 061	-1 629 728	-	47 701 366	9 348 904	2 887 515	-914 984	-	14 642 661	-		33 058 705
Work in progress													
Community Assets	17 828 898	26 065 410			43 894 308						-17 612 506		26 281 802
Land and Buildings	12 734 927	18 618 150			31 353 077						-12 580 361		18 772 716
Infrastructure Assets	20 375 883	29 789 040			50 164 923						-20 128 578		30 036 345
	75 090 863	74 472 600	-	-	126 368 070	-	-	-	-	-	-50 321 445	-	126 368 070
Total	**630 246 228**	**89 796 639**	**-1 629 728**	**-**	**630 206 558**	**75 386 181**	**18 902 333**	**-914 984**	**7 273 281**	**130 606 145**	**0**	**-**	**603 859 267**

Name of Municipality
APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
as at 30 June 2015

	Cost / Revaluation					Accumulated Depreciation				
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Carrying value
Executive & Council										
Finance & Admin										
Land	61 526 922	701		-	61 527 623	4 326 561	675 998	-	5 002 559	56 525 064
Infrastructure	361 637 360	19 150 443		-	380 787 803	58 944 162	10 122 567	-	69 066 729	311 721 074
Community & Social Services	93 437 060	5 365 340		-	98 802 400	18 460 416	3 564 134	-	22 024 550	76 777 850
Public Safety	75 090 863	68 070 771		-	143 161 634	14 441 367	2 530 642	-	16 972 008	126 189 625
Sport & Recreation										
Environmental Protection										
Waste Management										
Road Transport										
Water										
Electricity										
Other	38 554 023	9 244 561		-100 000	47 698 584	11 320 757	3 415 909	-12 474	14 724 192	32 974 392
Total	**630 246 228**	**104 337 264**	**-**	**-100 000**	**734 465 412**	**109 998 913**	**20 640 872**	**-12 474**	**130 606 145**	**603 859 267**

Name of Municipality
APPENDIX D
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2015

2014 Actual Income	2014 Actual Expenditure	2014 Surplus / (Deficit)		2015 Actual Income	2015 Actual Expenditure	2015 Surplus / (Deficit)
152 029 457	-136 644 425	15 385 032	Executive & Council	198 610 881	-83 921 240	114 689 641
7 861 036	-4 274 680	3 586 356	Finance & Admin	7 699 010	-1 830	7 697 180
533 522		533 522	Planning & Development		-39 406 795	-39 406 795
		-	Health			-
57 917 596	-47 251 559	10 666 037	Community & Social Services	65 528 119	-83 595 426	-18 067 307
1 508 615		1 508 615	Public Safety	3 672 275		3 672 275
		-	Sport & Recreation			-
		-	Environmental Protection			-
		-	Waste Management			-
		-	Road Transport	2 188 705		2 188 705
		-	Water			-
		-	Electricity			-
3 573 659	-70 810 146	-67 236 487	Other	3 896 437	-35 605 745	-31 709 308
223 423 885	**-258 980 810**	**-35 556 925**		**281 595 427**	**-242 531 036**	**39 064 391**
			Less: Inter-Department Charges			
223 423 885	**-258 980 810**	**-35 556 925**	Total	**281 595 427**	**-242 531 036**	**39 064 391**